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Federal Agricultural Budget in 2013

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Approved By:

Holly Higgins

Prepared By:

Yelena Vassilieva

Report Highlights:

The aggregated federal budget of Russia's three major federal agricultural institutions (the Ministry of Agriculture, the Federal Service for Veterinary and Phytosanitary Surveillance – VPSS, and the Federal Fishery Agency) in 2013 is planned to be 197.1 billion rubles (\$6.4 billion), less than a one percent increase from the federal budget for these three institutions in 2012, and only 1.7 percent of Russia's total federal budget for all federal ministries, agencies and services. It includes 173 billion rubles (\$5.58 billion) for the budget of the Ministry of Agriculture, of which 121 billion rubles (\$3.9 billion) will be directed to the state support of agricultural producers and processors. In February 2013, the Russian government discussed additional federal support to agriculture through the Ministry of Agriculture in the amount of 40-42 billion rubles (\$1.3 billion - \$1.4 billion). However, amendments and changes to current support programs have not been made to date.

General Information:

The aggregated federal budget of the three major federal agricultural institutions (the Ministry of Agriculture, the Federal Service for Veterinary and Phytosanitary Surveillance – VPSS, and the Federal Fishery Agency) in 2013 is planned to be 197.1 billion rubles¹ (\$6.4 billion²), a 0.2 percent increase from the federal budget for these three institutions in 2012, and only 1.7 percent of Russia's total federal budget for all federal ministries, agencies and services. The budget of the Ministry of Agriculture in 2013 was planned at 173 billion rubles (\$5.58 billion). This is a 0.45 percent increase from federal allocations to the Ministry of Agriculture in 2012 (172.2 billion rubles or \$5.55 billion), but represents only 1.5 percent of Russia's total allocations to all federal ministries, agencies and services. In 2012, the share of the Ministry of Agriculture in Russia's federal budget was 1.54 percent, in 2011 – 1.6 percent. The budget for the VPSS will be 10.18 billion rubles (\$328 million), a 6.9 percent increase from 2012, and the budget for the Federal Fishery Agency will be 13.9 billion rubles (\$448 million), 6.7 percent less than in 2012. In addition to these three major federal agricultural institutions, two other agriculture-related institutions (the Russian Federal Forestry Service and the Russian Academy of Agricultural Sciences) will get 29.7 billion rubles (\$957 million), and 7.7 billion rubles (\$247 million) respectively, which represent 8 and 5 percent increases from 2012.

Budget of the Ministry of Agriculture in 2013

The planned budget of the Ministry of Agriculture in 2013 is 173 billion rubles (\$5.58 billion). Almost 70 percent of this budget, or 121 billion (\$3.9 billion) will be spent for support of agricultural producers and the domestic food industry. Allocations for continuation of previously approved target programs will be 6 percent of the Ministry's budget, allocations for crop and animal protection services will comprise another 6 percent, and the balance of 18 percent of Ministry of Agriculture's budget will be spent for housing, social development of rural areas, education, applied research and development, health issues, international cooperation, social benefits to the staff of the Ministry, etc.

In 2013 the government re-arranged budget categories for state support, separating support of crop producers from support of livestock producers in the Ministry's budget. The forms of the state support have been changed also in accordance with the State Program 2013-2020 and Russia's WTO commitments on agriculture (for more information see FAS/Moscow GAIN report: [Agriculture Development Program 2013-2020](#) [11-6-12](#) and FAS/Moscow GAIN report on the GOR Resolutions on Distribution of Agricultural Subsidies: [GOR Resolutions on Distribution of Agricultural Subsidies 1-25-2013](#)). Thus, instead of subsidizing fuel, seeds, and fertilizer, federal support of crop producers will be in the “decoupled” form of subsidies per 1 hectare of arable land. Subsidies to milk producers will be in the form of subsidies per 1 liter of marketed (sold) high quality milk. According to the Ministry of Agriculture these measures are not in the “amber” box, and are not restricted by WTO rules. Before, in the budget 2012, all support of agricultural producers was in one consolidated budget category “State Program for Development of Agriculture and Market Regulation 2008-2012” and did not show budgets for separate benefiting industries, such as crop and livestock industries. These changes (from general to specific) in the budget categories made comparisons with previous years difficult.

¹ Russia's Federal Law “On the Federal Budget for 2013 and the Planned Periods 2014 and 2015” (FZ 216 of December 3, 2012): <http://www.rg.ru/2012/12/07/budget-zakon-dok.html>

² For calculation in dollars, the exchange rate is 31 rubles per \$1

Allocations to the Ministry of Agriculture for support of crop producers in 2013 will total 46.0 billion rubles (\$1.48 billion), and will cover the following measures:

- Decoupled support of crop producers (per 1 hectare of sown area) – 15.2 billion rubles (\$490.3 million), or approximately 200 rubles (\$6.5) per hectare;
- Partial compensation of interest rate (capital loans) in crop production, processing and marketing – 8.8 billion rubles (\$283 million);
- Partial compensation of interest rate (operating loans) in crop production, processing and marketing – 7.2 billion rubles (\$232 million);
- Partial compensation of insurance premium in crop production – 5 billion rubles (\$161 million);
- Sales (so called “commodity”) and procurement interventions from/to the State Intervention Fund – 4.7 billion rubles (\$150 million)³
- Support of economically important provincial programs in crop production - 3 billion rubles (\$96.8 million);
- Other programs – 2.1 billion rubles (\$66 million)

Allocations to the Ministry of Agriculture for support of livestock and poultry producers in 2013 will total 63.9 billion rubles (\$2.06 billion), and will cover the following measures:

- Partial compensation of interest rate (capital loans) in animal production, processing and marketing – 28.7 billion (\$927 million);
- Subsidies to milk producers per 1 liter of marketed milk – 9.6 billion (\$308 million). Industry analysts calculated that this support will equal 1.5 rubles (5 cents) per liter;
- Support of economically important provincial programs in livestock production – 8 billion rubles (\$258 million);
- Partial compensation of interest rate (operating loans) in animal production, processing and marketing 4.1 billion rubles (\$132 million);
- Support of pedigree livestock – 3.5 billion rubles (\$113 million);
- Partial compensation of interest rate (capital loans for investments in beef cattle feedlots) – 4.4 billion (\$143 million);
- Support of economically important regional programs in beef cattle industry – 2 billion (\$64 million);
- Counter-epizootic measures -1.4 billion (\$44 million)
- Other programs – 2.2 billion (\$72 million)

Allocations to the Ministry of Agriculture for other agriculture support programs will total 11.1 billion (\$360 million), and include the following measures:

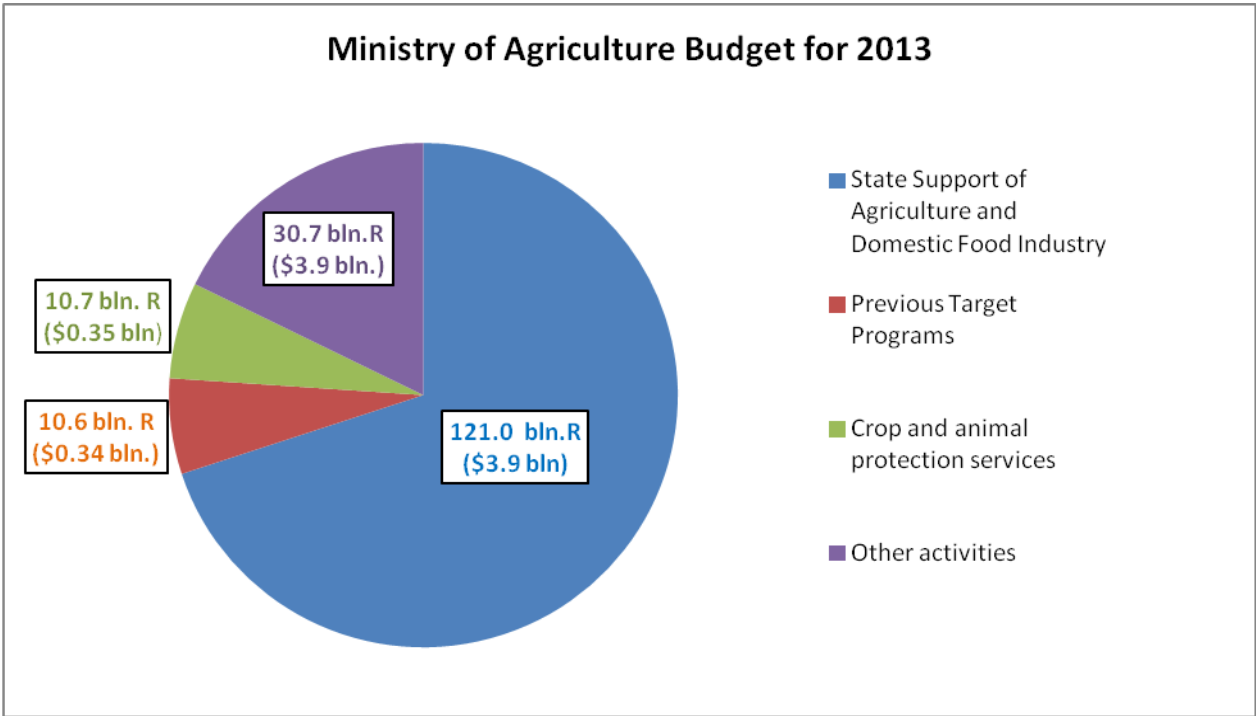
- Support of beginning farmers, family farms and small forms of business– 8.6 billion rubles (\$278 million);
- Subsidies to agricultural machine producers – 2.3 billion (\$74 million);
- Monitoring of information on food security and grain quality – 243 million rubles (\$8 million)

In the beginning of February 2013, the government held a meeting on the grain situation in Russia and agreed to add 40-42 billion rubles of federal budget money to the state support of agriculture in 2013,

³ According to the Status of the State Interventions, all agricultural commodities can be purchased/sold, but from the beginning of the State Interventions in 2004 to date, only grain has been sold and purchased.

which would increase the total from 120.97 billion rubles (3.9 billion) to 161-163 billion rubles (\$5.2-\$5.3 billion) (for more information see FAS/Moscow GAIN report [Government Discusses Grain Situation 2-12-2013](#)). The tentative increased support will still be only 60 percent of what is allowed in 2013 by Russia’s WTO commitments within the “amber” box. However, until mid March 2013, the proposed additional funds have not been approved yet. Meanwhile, some regions in the south of European Russia have already started fertilizing (top-dressing) of winter crops and soil preparation for spring sowing.

Chart 1.



The detailed budgets of the Ministry of Agriculture, VPSS and the Federal Fishery Agency for 2012 and 2013 are in Attachment 1.

Attachment 1.

	Budget code	1,000 rubles		USD 1,000	
		Final 2012*	2013	Final 2012*	2013

MINISTRY OF AGRICULTURE	082	172,202,661	172,972,719	5,554,925	5,579,765
Including:					
- National level issues, including international cooperation	082 01	15,038	14,463	485	467
- - International relations and cooperation	082 01 08	19,100	14,463	616	467
- National economy	082 04	142,672,643	143,582,665	4,602,343	4,631,699
- - Agriculture and fisheries	082 04 05	140,757,293	142,387,863	4,540,558	4,593,157
- - - FEDERAL TARGET PROGRAMS	082 04 05 1000000	12,719,205	10,585,026	410,297	341,452
- - - - Development of irrigation in 2012-2020	082 04 05 1001200	300,000	1,000,000	9,677	32,258
- - - - - Development of Kaliningrad oblast until 2015	082 04 05 1004500	37,026	37,026	1,194	1,194
- - - - - South of Russia (2008-2013)	082 04 05 1004800	60,000		1,935	0
- - - - - Soil preservation and reclamation in 2006-2012 and in 2013	082 04 05 1006000	10,846,500	7,116,610	349,887	229,568
- - - - - Development of Chechen Republic 2008-2012	082 04 05 1007200	398,479		12,854	0
- - - - - National System of chemical and biological security of Russia 2009-2014	082 04 05 1007500	767,400	756,570	24,755	24,405
- - - - - Development of Ingushetia Republic 2010-16	082 04 05 1008500	196,100	566,900	6,326	18,287
- - - - - Overcoming the effects of radiation incidents until 2015	082 04 05 1008600	113,700	107,920	3,668	3,481
- - - - - Other budget investments	082 04 05 1020000	1,297,360	75,092	41,850	2,422
- - - STATE SUPPORT OF AGRICULTURE	082 04 05 2600000	189,250	120,974,334	6,105	3,902,398
- - - - - Partial compensation fo purchase of elite seeds	082 04 05 2600100		513,200		16,555
- - - - - Partial compensation of maintenance of vineyards	082 04 05 2600200		300,000		9,677
- - - - - Partial compensation for maintenance of orchards	082 04 05 2600300		105,000		3,387
- - - - - Measures in agricultural production	082 04 05 2600400		101,888		3,287
- - - - - Partial compensation of planting orchards	082 04 05 2600500		500,000		16,129
- - - - - Support of economically important provincial programs in crop production	082 04 05 2600600		3,000,000		96,774
- - - - - Subsidies for seeds purchase and delivery to the Northern territories	082 04 05 2600700		200,000		6,452
- - - - - Crop rproduction in low fertile soils of the Far North and similar territories	082 04 05 2600800		342,510		11,049
- - - - - Partial compensation of interest rate (short term loans) in crop production, processing and marketing	082 04 05 2600900		7,199,542		232,243
- - - - - Partial compensation of interest rate (investment loans) in crop production, processing and marketing)	082 04 05 2601000		8,785,026		283,388
- - - - - Partial compensation of insurance premium in crop production	082 04 05 2601100		5,000,000		161,290
- - - - - Decoupled support of crop producers (per 1 hectare of sown area)	082 04 05 2601200		15,200,000		490,323
- - - - - Support of pedigree livestock	082 04 05 2601300		3,500,000		112,903
- - - - - Subsidies to milk producers per 1 liter of marketed milk	082 04 05 2601400		9,558,754		308,347
- - - - - Partial compensation for growing sheep and goats breeding stock	082 04 05 2601600		653,000		21,065
- - - - - Partial compensation for northern deer and meat horses	082 04 05 2601700		180,000		5,806
- - - - - Support of economically important provincial programs in livestock production	082 04 05 2601800		8,000,000		258,065
- - - - - Partial compensation of interest rate (short term loans) in animal production, processing and marketing	082 04 05 2602000		4,094,570		132,083
- - - - - Partial compensation of interest rate (investment loans) in animal production, processing and marketing	082 04 05 2602100		28,740,619		927,117
- - - - - Partial compensation of insurance premium in animal production	082 04 05 2602200		1,000,000		32,258
- - - - - Support of pedigree meat cattle	082 04 05 2602500		400,000		12,903

- - - - - Support of economically important regional programs in beef cattle industry	082 04 05 2602600		2,000,000		64,516
- - - - - Partial compensation of interest rate (investments loans in meat cattle feedlots)	082 04 05 2602700		4,423,963		142,708
- - - - - Support of beginning farmers	082 04 05 2602800		2,000,000		64,516
- - - - - Development of family farms	082 04 05 2602900		1,500,000		48,387
- - - - - Interest rate subsidies on loans (short, middle, long-term) for small farm business	082 04 05 2603000		5,000,000		161,290
- - - - - Partial compensation of small farmers/peasants expenses on paper-work for privatization of land plots/shares	082 04 05 2603100		120,000		3,871
- - - - - Subsidies for agricultural machines producers	082 04 05 2603400		2,300,000		74,194
- - - - - Sales (commodity) and Procurement Interventions on agricultural products	082 04 05 2603500		4,659,730		150,314
- - - - - Monitoring of information on grain quality	082 04 05 2603600		63,270		2,041
- - - - - Counter-epizootic measures	082 04 05 2603700		1,353,000		43,645
- - - - - State Information in the sphere of food security and management of agro-industrial complex	082 04 05 2603800		180,263		5,815
- - - INSTITUTIONS THAT PROVIDE SERVICES IN THE SPHERE OF AGRICULTURE AND ANIMAL PROTECTION	082 04 05 2610000		10,748,492		346,726
- - - SOCIAL ASSISTANCE	082 04 05 5050000		4,919		159
- - - SERVICES IN THE SPHERE OF AGRICULTURE, PROTECTION AND USE OF FAUNA	082 04 05 2610000	10,310,978		332,612	
- - - STATE PROGRAM OF DEVELOPMENT OF AGRICULTURE AND MARKET REGULATION 2008-2012	082 04 05 2670000	116,240,500		3,749,694	
- - - - - General measures	082 04 05 2670400	11,270,070		363,551	
- - - - - Agricultural production measures	082 04 05 2670402	3,390,070		109,357	
- - - - - Procurement and selling interventions and collateral operations	082 04 05 2670403	7,880,000		254,194	
- - - - - State support of agricultural industries	082 04 05 2670500	104,625,430		3,375,014	
- - - - - Interest rates compensations for individual households, farmers and consumer cooperatives, for long term loans (up to 8 years)	082 04 05 2670501	6,300,000		203,226	
- - - - - Support of sheep breeding	082 04 05 2670502	670,000		21,613	
- - - - - Support of elite seed breeding	082 04 05 2670503	1,767,150		57,005	
- - - - - Support of delivery of seeds of fodder crops to the North	082 04 05 2670504	900,000		29,032	
- - - - - Support of flax an hemp production	082 04 05 2670505	300,000		9,677	
- - - - - Support of orchards and gardens	082 04 05 2670506	1,336,900		43,126	
- - - - - Crop insurance compensations	082 04 05 2670507	6,000,000		193,548	
- - - - - Support of northern deer and pasture horse breeding	082 04 04 2670508	300,000		9,677	
- - - - - Support of pedigree animal breeding	082 04 05 2670509	3,500,000		112,903	
- - - - - Interest rate compensations for agricultural producers, except individual households and consumer cooperatives, for short-term loans (up to 1 year)	082 04 05 2670510	17,325,000		558,871	
- - - - - Compensation of acquisition of chemicals	082 04 05 2670511	252,780		8,154	
- - - - - Support of agricultural extension service	082 04 05 2670512	500,000		16,129	
- - - - - Interest rate compensations for agricultural producers for 2 to 10 years' loans (Ministry of Agriculture's portion)	082 04 05 2670513	52,475,000		1,692,742	
- - - - - Support of economically important regional programs	082 04 05 2670514	12,998,600		419,310	
- - - APPLIED RESEARCH AND DEVELOPMENT	082 04 11	537,932	396,716	17,353	12,797
- - - OTHER ISSUES of NATIONAL ECONOMY	082 04 12	777,417	798,086	25,078	25,745
- Housing and rural development	082 05	3,443,431	2,880,000	111,078	92,903

- - - - Federal Target Programs "Social development of rural area until 2013"	082 05 02 1001100	2,480,000	2,480,000	80,000	80,000
- Education	082 07	20,097,269	21,465,875	648,299	692,448
- - Pre-school education	082 07 01	4,981	3,138	161	101
- - School education	082 07 02	499,000	791,300	16,097	25,526
- - Professional training and upgrading	082 07 05	284,930	297,385	9,191	9,593
- - Higher professional education and training	082 07 06	19,027,084	20,362,219	613,777	656,846
- - Applied research in the sphere of education	082 07 08			0	
- - Other issues in the sphere of education	082 07 09	11,274	11,835	364	382
- Health issues	082 09	425,163	427,962	13,715	13,805
- Social Policy	082 10	5,499,118	4,581,753	177,391	147,798
- Sports	082 11	20,000	20,000	645	645
FEDERAL SERVICE FOR VETERINARY AND PHYTOSANITARY SURVEILLANCE	081	9,522,094	10,177,416	307,164	328,304
including:					
- National economy	081 04	9,502,094	10,161,809	306,519	327,800
- - Agriculture and fishery	081 04 05	2,435,599	3,274,011	78,568	105,613
- - Applied research and development	081 04 11	672,228	951,600	21,685	30,697
- - Other national economy issues	081 04 12	6,394,267	5,936,199	206,267	191,490
- Social policy	081 10	20,000	15,610	645	504
FEDERAL FISHERY AGENCY	076	14,900,549	13,903,898	480,663	448,513
including:					
- National level issues	076 01	33,898	38,264	1,093	1,234
- National economy	076 04	12,149,708	11,056,861	391,926	356,673
- Education	076 07	2,677,943	2,790,040	86,385	90,001
- Social policy	076 10	39,000	18,732	1,258	604
GRAND TOTAL for Agriculture and Fishery					
FEDERAL FORESTRY AGENCY	053		29,681,925		957,481
RUSSIAN ACADEMY OF AGRICULTURAL SCIENCES	190		7,654,770		246,928
*Note: The final budget 2012 includes 2,296 million rubles (\$74 million) added in 2012 for categories "National Economy", Housing and Rural Development", "Education, and Social Policy"					

Source: the Russian FL No. 216 of December 3, 2012 "On the Federal Budget 2013 and the Planned Period 2014 and 2015", the Russian FL No. 247 of December 3, 2012 "Amendments to the Federal Law on the Federal Budget 2012", and the Russian FL No. 371 of November 30, 2011 "On the Federal Budget 2012 and the Planned Period 2013 and 2014"